

TAKING ACTION

Southern Company and
Greenhouse Gases



Southern Company, one of the largest electricity producers, has been consistent in its belief that a range of technology-focused solutions are necessary to address the energy policy needs of the U.S. We are committed to being a leader in this area. And a number of the avenues we have pursued are now poised to make a real, tangible difference.



We are out front in addressing this challenge in a broad way, employing a variety of tools – “all arrows in the quiver” is how I describe it. And we’re backing up our commitment by encouraging innovative, solutions-based thinking, including the industry’s only proprietary research and development organization.

This latest report on our efforts finds us moving ahead with construction of two new units of nuclear power, the largest available source of emissions-free electricity. We also are proud to report that our commercial-scale, advanced technology 21st Century Coal generating plant with carbon capture is under construction in Mississippi.

We will begin operation this year of a major carbon capture and storage research demonstration in Alabama. We are now operating one of the nation’s largest solar power facilities and building one of the country’s biggest wood biomass plants, signs of our determination to further diversify our energy mix by employing cost-effective renewable sources.

Our energy-efficiency initiatives continue to grow with a large investment in programs to help our customers use electricity more wisely. Most notably, we’ve installed more than 3 million smart meters, on the way to a total of 4.6 million by 2012.

These initiatives and others, covered in detail throughout this report, are exciting to me. Not only because they are new and innovative, although that is a big part of it. But more so because they are helping us to address significant challenges while also supporting our core mission of providing our 4.4 million customers in the Southeast reliable, affordable electricity with great customer service. We must keep this balance in focus.

Our work to address greenhouse gases is part of a basic overall commitment to continue mastering the fundamentals of our business while always seeking better ways to serve our customers. We’ve made some significant strides already. I am confident that more progress is to come.

Thomas A. Fanning

Thomas A. Fanning
Chairman, President and Chief Executive Officer

PERFORMANCE

With a focus on developing cost-effective technologies, Southern Company is taking action that reduces greenhouse gas emissions. The company continues to build on voluntary efforts that began in the 1990s and have steadily grown. Longstanding efforts include, among other things, efficiencies that increased our nuclear power output; new lower-emitting generation and other combustion-fueled plant efficiencies; demand-side and energy efficiency programs; transmission equipment improvements; and tree planting. As a result of these and other efforts, Southern Company has to date reduced, avoided or sequestered more than 268 million metric tons of carbon dioxide (CO₂), the equivalent of more than one full year of CO₂ emissions from all of the company's power plants. A breakdown of these reductions through 2010 is shown in Figure 1.

Summary of Voluntary Emission Reductions, 1991 - 2010

Total: 268.6 million metric tons

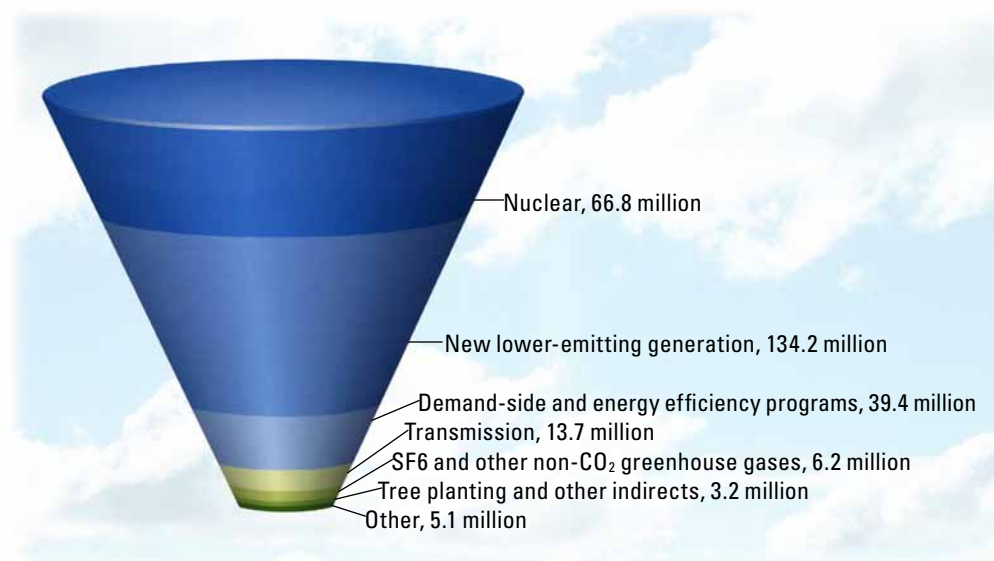


FIGURE 1

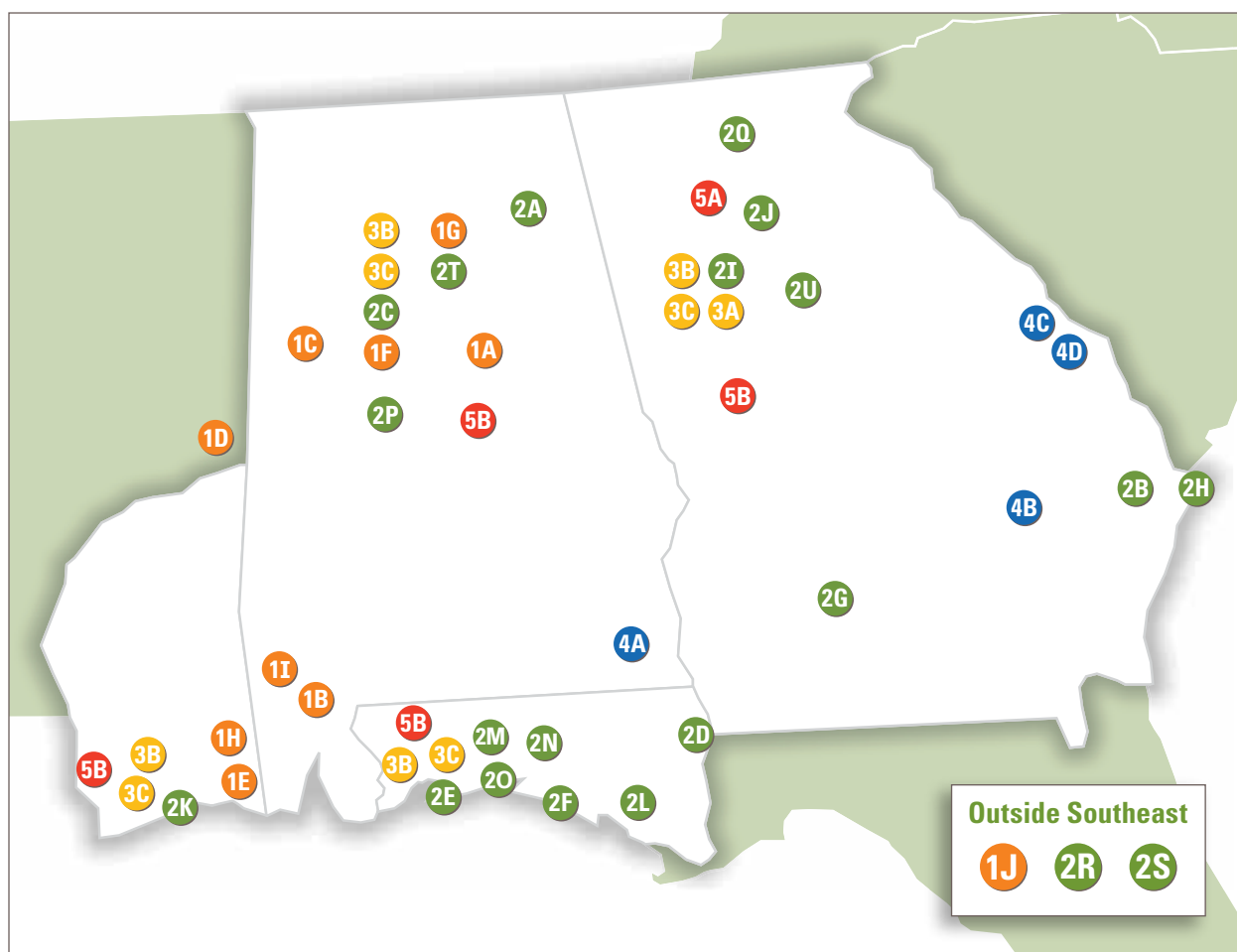
(see “**Energy Efficiency**,” page 7); testing of “carbon neutral” biomass generation and other alternative generation sources (see “**Renewables**,” page 9); development of advanced coal gasification technology and involvement in numerous carbon capture and storage research projects (see “**Advanced Coal**,” page 11); and construction of additional nuclear power (see “**Nuclear**,” page 13). Furthermore, Southern Company has made significant strides in reducing emissions of the electrical insulator sulfur hexafluoride (SF₆), a greenhouse gas that has more than 20,000 times the greenhouse impact of carbon dioxide on a pound-for-pound basis (see “**Further Action**,” page 14).

Southern Company is engaged in the policy discussions at the state, federal and international levels related to greenhouse gases and climate change. The company continues to review and evaluate all policy proposals to deal with the issue, and has been vocal in its belief that any legislative or regulatory action to reduce greenhouse gas emissions should be consistent with the availability of effective technology and must minimize the potential costs to customers. Southern Company participated in the development of the Edison Electric Institute's Global Climate Change Points of Agreement, issued in 2009, which identified important goals and

Moving forward, Southern Company has on its own and with partners undertaken numerous greenhouse gas-related initiatives, especially in the field of research and development. Key accomplishments have included significant investment in energy efficiency programs and promotion of energy-saving measures

considerations that should be included in federal action or legislation. Southern Company, an EEI member company, supports the points of agreement and believes the availability of technology, economic impacts to customers and shareholders, fuel diversity, energy security impacts and the global nature of the issue all must be evaluated as Congress continues to consider legislation. Full details of the framework are available at www.eei.org.

Actions Overview Map



This map depicts various major initiatives by Southern Company, planned or under way, that have current or potential greenhouse gas reduction impact. A legend is below and on the next page. An interactive version of the map is at www.southerncompany.com/actionmap.

ADVANCED COAL TECHNOLOGY

- 1A:** Southern Company is managing and operating the U.S. Department of Energy's (DOE) National Carbon Capture Center.
- 1B:** Alabama Power's Plant Barry is the host site for a major demonstration of carbon capture and sequestration technology.
- 1C:** Southern Company is a participant in a DOE-funded research project to study injection of CO₂ into an unmineable coal seam.

- 1D:** Mississippi Power is building a 582-megawatt coal gasification plant with reduced CO₂ emissions and including carbon capture and re-use.
- 1E:** Mississippi Power's Plant Daniel has successfully completed a carbon sequestration demonstration in which 3,000 metric tons of CO₂ were injected deep underground.

Continued on next page

ADVANCED COAL TECHNOLOGY - Cont.

- 1F:** Alabama Power's Plant Gorgas is host to a carbon sequestration site characterization project in partnership with the University of Alabama.
- 1G:** Southern Company is partnering with the University of Alabama at Birmingham to evaluate rocks for geologic sequestration, and to train students.
- 1H:** Mississippi Power's Plant Daniel is the site for a study of the potential impacts of CO₂ on groundwater.
- 1I:** Southern Company is part of a pilot CO₂ injection to evaluate the enhanced oil recovery and geologic sequestration potential of the Citronelle Field.
- 1J:** The first worldwide commercial implementation of low-emissions TRIG coal gasification technology, developed by Southern Company, is planned in China.

RENEWABLES

- 2A:** Alabama Power's Plant Gadsden has conducted extensive biomass generation testing, co-firing coal with switchgrass and small wood chips.
- 2B:** Georgia Power has signed a long-term contract with Waste Management that will produce electricity from a landfill in Savannah.
- 2C:** Alabama Power is demonstrating several solar power technologies at its headquarters building.
- 2D:** Gulf Power's Plant Scholz is evaluating a conversion of two coal-fired units to biomass.
- 2E:** Gulf Power has participated in hundreds of geothermal heating and cooling system designs and installations, including a nationally recognized project at the Springhill Suites hotel on Pensacola Beach.
- 2F:** Gulf Power is using a meteorological tower to study the potential for wind power on Navarre Beach in Santa Rosa County.
- 2G:** Georgia Power is considering conversion of a coal-fired unit at Plant Mitchell near Albany to 100 percent biomass.
- 2H:** Southern Company has applied for federal leases to construct meteorological towers to collect weather data off the coast of Georgia.
- 2I:** Georgia Power is demonstrating several solar power technologies at its headquarters building in Atlanta.
- 2J:** Georgia Power has partnered with DeKalb County and others to make electricity generated from landfill waste available to customers.
- 2K:** Mississippi Power's Plant Watson has successfully tested biomass generation, co-firing wood chips with coal.
- 2L:** Gulf Power has partnered with Bay County to purchase electricity generated from a waste incinerator.

- 2M:** Gulf Power offers incentives and rebates for customers installing solar thermal water heaters and geothermal heating and cooling systems.
- 2N:** Gulf Power is participating in a solar and wind-powered billboard study with an outdoor sign company.
- 2O:** Gulf Power's Perdido Landfill Gas to Energy facility is producing 3,200 kilowatts of renewable energy in Escambia County.
- 2P:** Alabama Power has 14 hydroelectric facilities throughout the state, with capacity of 1,668 megawatts.
- 2Q:** Georgia Power has 20 hydroelectric plants throughout the state, with capacity of 1,090 megawatts.
- 2R:** Southern Power is building a 100-megawatt biomass-fueled power plant in Sacul, Texas.
- 2S:** Southern Company, in partnership with Ted Turner, is operating a 30-megawatt solar photovoltaic power plant in Cimarron, New Mexico.
- 2T:** A wind turbine, designed by University of Alabama at Birmingham students, is atop Alabama Power headquarters to collect data.
- 2U:** Georgia Power has modified its Green Energy program to offer customers more solar options.

ENERGY EFFICIENCY

- 3A:** Georgia Power has been recognized by the U.S. EPA under the ENERGY STAR program for its energy efficiency achievements.
- 3B:** Expanding portfolio of EarthCents energy efficiency programs available to customers expected to reduce peak electricity demand 4,100 MW by 2020.
- 3C:** More than 3 million "smart meters" installed across Southern Company territory, with 1 million more planned by 2012.

NUCLEAR

- 4A:** Plant Farley 1,776 MW existing emissions-free nuclear capacity.
- 4B:** Plant Hatch 1,848 MW existing emissions-free nuclear capacity.
- 4C:** Plant Vogtle 2,430 MW existing emissions-free nuclear capacity.
- 4D:** Plant Vogtle 2,200 MW planned emissions-free nuclear capacity to be added in 2016 and 2017.

OTHER

- 5A:** Georgia Power's Plant McDonough is being converted from coal-fired to natural gas generation.
- 5B:** Southern Company has funded the planting of 45 million trees, which help sequester CO₂.

CHALLENGES

Southern Company's efforts to reduce greenhouse gas emissions are linked to the company's responsibility to provide customers with reliable and affordable electricity. Although the recent economic slowdown has curtailed some use of electricity, long-term demand is expected to grow, and at a faster rate in the Southeast than in the rest of the country. Figures 2 and 3 show the company's recent CO₂ emissions data.

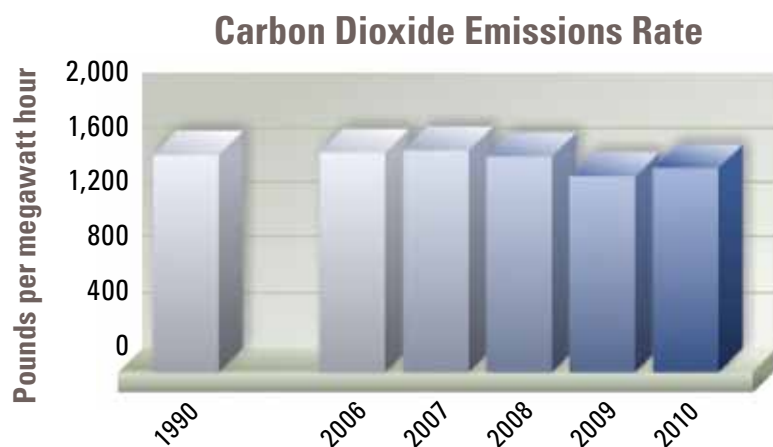


FIGURE 2

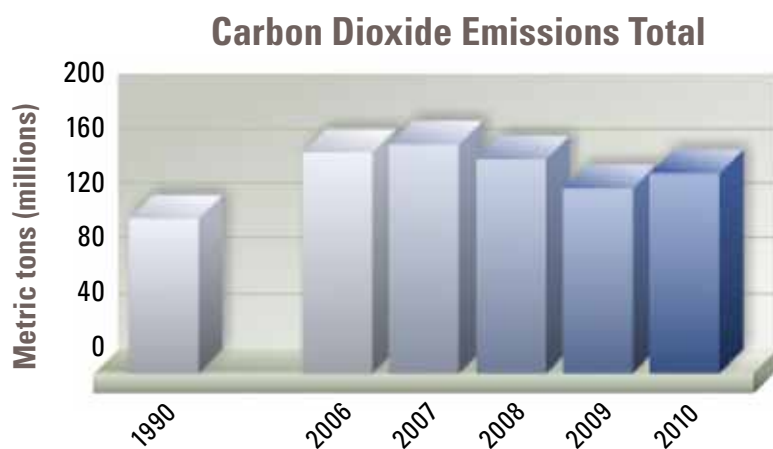


FIGURE 3

It is projected that the growth in Southern Company's retail service territory – Alabama, Florida, Georgia and Mississippi – will result in a need for almost 5,000 additional megawatts (MW) of generating capacity by 2025.* (On average, a capacity of 1,000 MW is needed to power a smaller-size metropolitan area such as Lincoln, Neb., Green Bay, Wisc., or Savannah, Ga.)

The sources of Southern Company's generation in 2010 were as follows: coal supplied 58 percent of the company's generation, natural gas 25 percent, nuclear power 15 percent and renewable hydroelectric power 2 percent. This diverse generation mix has enabled Southern Company subsidiaries to continue to have prices that are below the U.S. average.

* Implementation of the U.S. Environmental Protection Agency's final Utility MACT rule (expected Nov. 2011) and other EPA rules previously promulgated, or whose promulgation is anticipated over the next few years, could cause retirement of certain coal-fired units, which would potentially alter this figure.

Among currently available baseload technologies, new natural gas-fired combined-cycle power plants are efficient and have about half the CO₂ emissions of coal. Part of our strategy includes replacing a portion of our coal-fired fleet with natural gas, such as a project under way at Georgia Power's Plant McDonough-Atkinson. But a strategy to meet growing energy needs based solely on natural gas presents challenges from a price standpoint, as the price of natural gas has fluctuated greatly in recent years.



Renewable Energy



Advanced Coal



Natural Gas



Energy Efficiency



Nuclear Power

To reduce greenhouse gases while meeting the growing demand for energy, a diverse portfolio of generating fuels, as well as an emphasis on energy efficiency, is needed. Low-emitting, cost-effective electricity generation and end-use technologies must be researched, developed and deployed. It is a priority for Southern Company to do this without imposing large price increases on its customers. Southern Company has committed substantial financial and human resources to research, develop and deploy such technologies. The major areas of emphasis in this effort are reviewed in the remainder of this report.

Energy Efficiency

As early as the 1970s, when the GoodCents Home Program was introduced, Southern Company has helped its customers save money by reducing the amount of energy they use. Energy efficiency offerings have grown steadily in number and variety. The company continues to step up its commitment to energy efficiency, recognizing that these efforts also can help the environment.



Most recently, Southern Company has launched *EarthCents*, an assemblage of established and new programs — as well as educational efforts — to reduce residential and business electricity consumption through energy efficiency. EarthCents includes a commitment to increase the company's investment in energy efficiency programs to more than \$1 billion by 2020. Combined with the impact of previous energy efficiency and demand

response initiatives, this investment will reduce peak load by an additional 1,100 MW by 2020 — about 33 percent beyond what already has been achieved. The amount of generating capacity the company is required to have is based on peak load — the highest level of anticipated demand, such as on the hottest days of summer. So a decrease in peak load means that less new generation is needed. The growth of new generation, and greenhouse gases, is thus reduced.

A sampling of energy efficiency and demand response programs offered to residential customers by Southern Company operating subsidiaries includes home energy audits, low-income weatherization, variable pricing and “smart” thermostat combinations, geothermal heating and cooling systems, solar thermal water heating and home building guidelines. For larger-volume commercial and industrial customers, energy services, real-time pricing, interruptible load programs and commercial construction programs are among the offerings also available.

Southern Company operating subsidiaries are partners with the U.S. Environmental Protection Agency (EPA) and DOE in the ENERGY STAR® program, which promotes the use of energy-efficient products and practices. In fact, Georgia Power has been named five years in a row as one of the nation's top five pledge leaders for driving energy efficiency awareness under EPA's “Change the World, Start with ENERGY STAR” campaign. The campaign encourages customers to take small steps, such as switching to compact fluorescent bulbs (CFLs), that make a big difference to save energy and help the environment. Georgia Power's 2010 – 2011 “Change the World, Start with ENERGY STAR” campaign has helped reduce nearly 1.4 billion pounds of greenhouse gases, according to EPA.





Southern Company actively promotes the use of compact fluorescent light bulbs, which are more energy efficient than traditional incandescent light bulbs.

Southern Company also is among more than 60 leading energy organizations that worked with EPA and DOE to develop a National Action Plan for Energy Efficiency. The company was a charter member of the Electric Power Research Institute's national energy efficiency initiative, including living laboratories developing new "smart" appliances and energy management technology.

In 2008, the company issued a report, *Energy Efficiency Regulatory Structures*, on the need for appropriate regulatory structures to encourage sustainable energy efficiency investments.



High-profile messaging, including an energy efficiency Web page from Georgia Power (above) and an Alabama Power billboard (left), are examples of how customers are getting information that can help them save money and reduce demand for electricity.

Southern Company also is a Diamond member of the Geothermal Heat Pump Consortium, focused on expanding awareness and use of geothermal heat pumps, which are the most energy-efficient, environmentally-friendly heating and cooling technologies available.

Southern Company is active on the national and regional level in advancing energy efficiency. It is a founding member of the Southeast Energy Efficiency Alliance, which promotes energy efficiency in the Southeast, and is a Founder-Level Associate member of the Alliance to Save Energy.



Renewables

Southern Company supports the development and use of cost-effective renewable energy sources, and is taking action to increase their role in the generation of electricity. For example, the company recently began operating a major solar power plant in New Mexico, and is nearing completion of a biomass plant in Texas. These projects are among the largest of their kind in the United States, and are among several significant renewable efforts under way.

Renewable energy has the potential to supply electricity with little to no CO₂ emissions, and is a growing –



Artist's rendering of the 100-megawatt biomass plant being built by Southern Power in Sacul, Texas.

BIOMASS – Switchgrass, sawdust and wood chips are among the most abundant and effective renewable sources available in the Southeast, and Southern Company is putting these materials to work to produce energy. Georgia Power is considering conversion of a coal-fired unit at Plant Mitchell, near Albany, to wood biomass. A final decision has been delayed until there is a greater clarity regarding various EPA regulations recently proposed or adopted. Similar conversions are being considered at other Southern Company plants. In Texas, Southern Company's wholesale energy unit, Southern Power, is building a 100-megawatt biomass plant. It will be one of the country's largest. In addition to these all-biomass initiatives, the company also has extensively tested co-firing biomass with coal. Some of the power produced from co-firing tests has been made available to customers. Electricity from biomass is considered "carbon neutral" -- although some CO₂ is emitted during the generation process, it is equal to what was absorbed while the biomass was growing, thus causing no net increase in CO₂ emissions on a carbon lifecycle basis.

– though still relatively small – part of the nation's energy mix. The availability of renewable resources varies from region to region, and the relative scarcity of certain renewable resources in the Southeast limits the overall extent of their potential contribution here. Nevertheless, the company continues to pursue those renewable technologies that do show promise for producing cost-effective, reliable and cleaner energy. Southern Company has more than 20 renewable energy research and development projects in progress.



Bart Blevins and others at Alabama Power's Plant Gadsden have conducted extensive renewable energy testing, co-firing coal with several types of biomass.



Solar panels outside the Alabama Power headquarters in Birmingham reflect a commitment to renewable energy.

SOLAR – Southern Company and Turner Renewable Energy in 2010 completed and began operating a 30-megawatt solar plant in Cimarron, N.M., that is one of the nation’s largest. As solar photovoltaic (PV) technologies improve and become more economical, Southern Company is evaluating different types of solar PV to determine which would perform best and be the most economical under conditions in the Southeast. Performance data from several different PV systems installed at the Georgia Power and Alabama Power headquarters are being collected and used to conduct this evaluation. The electricity generated from these systems is being fed directly back into the buildings.

WIND – Southern Company continues to evaluate the potential of offshore wind generation. The company is seeking federal approval to install a meteorological tower to collect data to help



Southern Company is researching wind generation off the coasts of Georgia and Florida.

determine the feasibility of wind power generation off the Georgia coast. A meteorological tower also is in operation to define the wind resource along Florida’s northern Gulf Coast. The average annual wind speed has been found to be too low to support utility-scale wind power generation. In partnership with the University of Alabama at Birmingham, a data-collection turbine has been installed on the roof of Alabama Power’s headquarters. A 2007 study conducted with Georgia Tech found several economic, technological and regulatory obstacles must be overcome before offshore wind power generation in the Southeast can be feasible.

GREEN PARTNERSHIPS – Southern Company subsidiaries, individually and in partnerships, are offering customers growing amounts of renewable energy from qualified sources, such as wood waste, landfill methane gas, solar and hydro. In Alabama and Georgia, customers can choose to purchase renewable energy by paying a premium in addition to their regular power bills.

HYDRO – Hydropower remains one of the cleanest, most environmentally safe and affordable sources of energy. With 34 hydroelectric facilities and a combined generating capacity of 2,758 MW, Southern Company is ranked seventh among U.S. utilities in hydro capacity, according to the Edison Electric Institute.



The company’s hydro facilities have a combined generating capacity that is among the largest in the United States.

Advanced Coal

Coal is an abundant and effective energy source that Southern Company believes is necessary to ensure a continued supply of reliable, affordable electricity. Coal is the nation's most abundant fossil fuel, with U.S. reserves representing up to 200 years of supply. It is currently used to generate almost half the electricity in the United States, and is projected to be a major component of the energy mix for the foreseeable future. The nation must find ways to use coal more cleanly by investing in the development of cost-effective technologies, such as carbon capture and storage.



The U.S. Department of Energy selected Southern Company to manage and operate a new national research and development center for carbon capture technology in Wilsonville, Ala.

Southern Company's longstanding commitment to be a leader in developing clean coal technologies has been boosted by two major initiatives. Southern Company was selected by the U.S. Department of Energy to manage and operate the National Carbon Capture Center, a focal point of national efforts to reduce greenhouse gas emissions from coal-based power plants through technological innovation. The company also has joined DOE and other partners to demonstrate carbon capture and storage at a coal-based power plant in Alabama. Carbon capture and storage technologies are important components of the diverse portfolio of solutions that are needed to reduce greenhouse gas emissions.

The National Carbon Capture Center, located at the Power Systems Development Facility near Birmingham, Alabama, is developing and testing advanced technologies to capture CO₂ from coal-based power plants. The center works with scientists and technology developers from government, industry and universities. Testing and analysis are conducted in a power plant setting at a size large enough to provide meaningful performance data under real operating conditions to enable scale-up of the technologies. The center is the first to focus on researching carbon capture technology.

At a larger scale, a carbon capture and storage demonstration is being conducted on an existing unit of Alabama Power's Plant Barry. Beginning in 2011, a technology developed by Mitsubishi Heavy Industries Ltd. will capture between 100,000 and 150,000 metric tons of CO₂ per year. The CO₂ will be supplied to the DOE's Southeast Regional Carbon Sequestration Partnership (SECARB) and transported by pipeline to a site about 10 miles away, where it will be permanently sequestered, or stored, in a deep geological formation. This project will demonstrate start-to-finish carbon capture and storage from a power plant, and will increase knowledge about this important process.



An injection well marks the site of a carbon sequestration research project at Mississippi Power's Plant Daniel, where 3,000 metric tons of CO₂ were injected into a deep saline rock formation below ground.

Successfully developing and deploying viable advanced coal technologies will require further work to lower costs, demonstrate effectiveness at commercial scale and address various regulatory and legal issues. The company continues to address these challenges through a variety of other projects and programs.

Southern Company and its partners have developed an advanced, highly efficient coal gasification technology with less CO₂ emissions than the current fleet of existing coal plants. The coal-to-gas technology, Transport Integrated Gasification (TRIG™), is uniquely suited for the sub-bituminous and lignite coals that make up about half of the world's proven coal reserves. In a major planned demonstration of this technology at commercial scale, Mississippi Power is constructing a 582-megawatt plant using TRIG technology that also would include 65 percent carbon capture and re-use. A plant using TRIG technology also is moving forward in China.

Also in Mississippi, Southern Company and partners successfully conducted a carbon storage pilot injection study at Mississippi Power's Plant Daniel. In this DOE-funded project, 3,000 metric tons of CO₂ were injected into a deep saline rock formation 8,500 feet below the ground surface and monitored. A separate project at Plant Daniel is studying the potential impacts of CO₂ on groundwater.

Other significant carbon storage activities with Southern Company involvement include a SECARB project to study the injection of CO₂ into an unmineable coal seam near Tuscaloosa, Alabama. Coal seams also show promise for geologic storage as well as for enhanced coal-bed methane recovery from the coals. Also in Alabama, Southern Company along with the University of Alabama at Birmingham and Denbury Resources will examine the potential beneficial use of CO₂ for enhanced oil recovery and geologic storage. Plant Gorgas is hosting a sequestration site characterization project in partnership with the University of Alabama. And the company is partnering with the University of Alabama at Birmingham to evaluate the physical properties of rocks for geologic sequestration and also train students in carbon storage science and engineering.

In addition, Southern Company has leadership roles in the Edison Electric Institute's Carbon Capture and Sequestration Task Force and in the Carbon Sequestration Council, which are working on behalf of the industry toward a regulatory framework for carbon technologies.

Nuclear

Emissions-free nuclear power currently supplies about 15 percent of Southern Company's generation from three plants: Vogtle and Hatch in Georgia, and Farley in Alabama. Southern Company is leading the next phase of nuclear power, building the nation's first new units in more than 30 years. The company plans to add two units at Plant Vogtle. The two new 1,100-megawatt units are expected to begin commercial operation in 2016 and 2017, respectively.



Construction activity (above and below photos) is under way for Plant Vogtle's two new units.

Nuclear, which supplies about 20 percent of U.S. electricity, is the only large-scale base load generation source that emits virtually no CO₂. A typical large-scale nuclear power plant provides enough electricity every day for more than a half million homes while emitting less CO₂ than a hybrid automobile. Although the March 2011 events in Japan underscored the importance of sound, safe design, Southern Company believes nuclear must be part of any solution to reduce greenhouse gas emissions.



Further Action

Although Southern Company's greatest challenges and opportunities for reducing greenhouse gases are directly related to the generation of electricity, efforts are being made elsewhere as well. The company strives to promote innovation and make a difference throughout the business.

While it is not as widely known as carbon dioxide, sulfur hexafluoride (SF6) has been a major focus of Southern Company's greenhouse gas reduction commitment. Essential as an electrical insulator in high voltage transmission and distribution equipment, such as circuit breakers and switchgear, the volume of SF6 released is small compared with CO₂ emissions. But this gas has a long atmospheric life and potency, with 23,900 times the heat-trapping impact of CO₂.

Through a voluntary EPA partnership and program to reduce SF6 emissions, Southern Company has made considerable progress in minimizing releases. Measures taken have reduced emissions from the equivalent of about 660,000 metric tons of CO₂ in 1993 to an equivalent of about 275,000 metric tons in 2000 and 100,030 metric tons per year in 2010. Sulfur hexafluoride emissions are expected to continue to decline and should reach a CO₂ equivalent of about 75,000 metric tons by 2012.



More than 3 million smart meters have been installed across the Southern Company system.

Among the many benefits of Southern Company's extensive program to install 4.6 million "smart meters" is their effect on reducing the use of vehicles by the company. Smart meters read electricity use and generate bills without sending workers door to door, thereby reducing greenhouse gas emissions by taking motor vehicles off the road. So far, 20 million miles of vehicular travel have been taken off the road. Long term, these high-tech meters will help customers use energy more efficiently by providing access to data, rate and pricing options that can encourage reductions in peak demand and consumption, thus potentially further reducing greenhouse gas emissions.

Southern Company is reducing transportation-related greenhouse gas emissions in other ways, as various units of the company adopt no-idling practices for company vehicles, offer employees carpool and other commuter programs and increase the use of alternative fuel vehicles in the company fleet. Additionally, Southern Company is working with car manufacturers and other utilities to assess the impact of plug-in hybrid vehicles on the electric grid. Greater use of plug-in hybrids would result in a net reduction of greenhouse gas emissions.

Southern Company's information technology department has made a concerted effort to become a model for efficiency and environmental responsibility through technology. The department's "Green Place to Work" initiative is helping reduce carbon dioxide emissions by reducing the company's computer-related consumption of electricity. For example, virtualization, a method of partitioning a physical computer into multiple virtual computers, has allowed a smaller number of physical devices to provide the same volume of computing. This effort alone has reduced electricity usage by 5.4 million kilowatt-hours and avoided 3,632 tons of CO₂. Further reductions have been achieved through facilities upgrades, paper and equipment recycling and other efficiency actions.

SOUTHERN COMPANY'S CLIMATE CHANGE POLICY STATEMENT

Climate change is a challenging issue for our world and our nation. Southern Company is committed to a leadership role in finding solutions that make technological, environmental and economic sense. The focus of this effort must be on developing and deploying technologies that reduce greenhouse gases while making sure that electricity remains reliable and affordable. Southern Company believes that this is the most responsible approach to meeting the needs of the environment, our customers and our shareholders.

